

Senate Engrossed

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
Senate
Fiftieth Legislature
Second Regular Session
2012

CHAPTER 55

SENATE BILL 1123

AN ACT

AMENDING SECTIONS 20-408 AND 20-415, ARIZONA REVISED STATUTES; RELATING TO
SURPLUS LINES INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-408, Arizona Revised Statutes, is amended to
3 read:

4 20-408. Report of broker; civil penalty

5 A. A broker procuring surplus lines insurance on behalf of an insured
6 whose home state is Arizona shall ~~execute and~~ file with the director on or
7 before the date specified in section 20-415, subsection B a verified report
8 setting forth facts from which it may be determined whether the requirements
9 of section 20-407 have been met. The report shall also contain or be
10 accompanied by the following:

11 1. The name of the insurer and the identification number assigned to
12 it by the national association of insurance commissioners.

13 2. The number of the policy issued.

14 3. The name and address of the insured.

15 4. The premium, including taxable policy fees.

16 5. The identity of the specific ~~recognized surplus lines coverage~~
17 ~~written. or if the insurance coverage is not a recognized surplus line~~
18 ~~pursuant to section 20-409, an affidavit executed by the surplus lines broker~~
19 ~~attesting to compliance with the requirements of section 20-407, subsection A~~
20 ~~and confirming that evidence of compliance will be maintained in the broker's~~
21 ~~file for the duration of the insurance policy and for a period of six years~~
22 ~~after the expiration of the policy.~~

23 6. The policy effective dates that shall not be open to public
24 inspection.

25 B. The director shall prescribe the required report form.

26 C. The director may direct a broker to file the broker's report
27 required by this section with a voluntary domestic organization of surplus
28 lines brokers with which the director has contracted to accept reports
29 pursuant to section 20-167.

30 D. A broker may collect from the insured the stamping fee prescribed
31 in section 20-167.

32 E. The director may impose and collect a civil penalty of not more
33 than twenty-five dollars against a broker for each day the report prescribed
34 in subsection A of this section is late.

35 F. IN ADDITION TO THE REQUIREMENTS OF SUBSECTION A, PARAGRAPH 5 OF
36 THIS SECTION, IF THE INSURANCE COVERAGE IS NOT A RECOGNIZED SURPLUS LINE
37 PURSUANT TO SECTION 20-409, A SURPLUS LINES BROKER SHALL MAINTAIN EVIDENCE OF
38 COMPLIANCE WITH THE REQUIREMENTS OF SECTION 20-407, SUBSECTION A FOR THE
39 DURATION OF THE INSURANCE POLICY AND FOR A PERIOD OF SIX YEARS AFTER THE
40 EXPIRATION OF THE POLICY.

41 Sec. 2. Section 20-415, Arizona Revised Statutes, is amended to read:

42 20-415. Statement of surplus lines insurance business
43 transacted by broker; reporting periods

44 A. Each surplus lines broker shall file semiannually with the director
45 a statement of all surplus lines insurance business covering Arizona

1 single-state risks transacted by the broker during the period for which the
2 statement is being filed. The statement shall be on a form prescribed by the
3 director and shall show:

- 4 1. Gross amount of each kind of insurance transacted.
- 5 2. Aggregate gross premiums charged.
- 6 3. Aggregate of return premiums paid to insureds.
- 7 4. Aggregate of net premiums.
- 8 5. Such additional information as may reasonably be required by the
9 director.

10 B. The statement required by subsection A of this section is due on or
11 before February 15 of each year for the preceding July through December and
12 on or before August 15 of each year for the preceding January through June
13 for business covering Arizona single-state risks.

14 C. Each surplus lines broker shall file quarterly, with the
15 clearinghouse responsible for administering the compact or multistate
16 agreement entered into by the director pursuant to section 20-416.01, a
17 notarized statement of all surplus lines insurance business covering
18 multistate risks transacted by the broker on behalf of insureds whose home
19 state is Arizona during the calendar quarter for which the statement is being
20 filed. The statement shall be on a form prescribed by the clearinghouse and
21 shall include all information required by the clearinghouse. A FACSIMILE OF
22 THE ORIGINAL NOTARIZED STATEMENT MAY BE SUBMITTED IN LIEU OF THE ORIGINAL
23 NOTARIZED STATEMENT. THE BROKER SHALL MAINTAIN THE ORIGINAL NOTARIZED
24 STATEMENT FOR A PERIOD OF SIX YEARS AFTER THE CALENDAR YEAR IN WHICH THE
25 STATEMENT WAS FILED.

26 D. The statement required by subsection C of this section is due on or
27 before February 15 for the quarter ending the preceding December 31, May 15
28 for the quarter ending the preceding March 31, August 15 for the quarter
29 ending the preceding June 30 and November 15 for the quarter ending the
30 preceding September 30.

APPROVED BY THE GOVERNOR MARCH 20, 2012.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 22, 2012.

Passed the House March 15, 2012,

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

Les M. Tan
Speaker of the House

Cheryl Laube
Chief Clerk of the House

Passed the Senate February 2, 2012,

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Steve Treen LV
President of the Senate

Channing Bellinger
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

19th day of March, 2012

at 1:50 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 20th day of

March, 2012

at 7:15 o'clock P. M.

Janice K. Brewer
Governor of Arizona

S.B. 1123

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 22nd day of March, 2012,

at 8:14 o'clock a M.

Ken Blumett
Secretary of State